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22 November 1957



Copy No. 138

CURRENT INTELLIGENCE BULLETIN

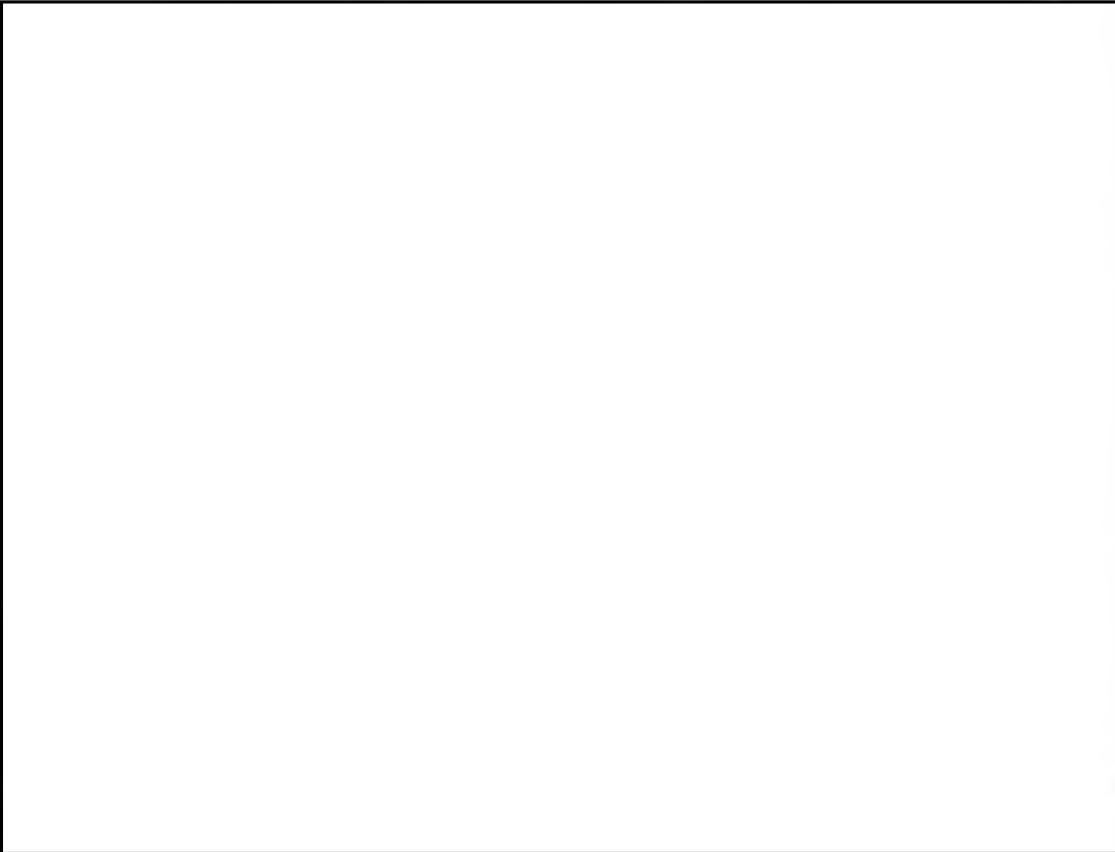
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X
DATE OF PREPARATION
DATE OF SOURCE OR CLASS
1. UNCLASSIFIED
CLASS, CHANGED TO: TS S C
NEXT REVIEW DATE: 2010
AUTH: MR 702
DATE: 1-16-80 REVIEWER:

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**OFFICE OF CURRENT INTELLIGENCE
CENTRAL INTELLIGENCE AGENCY**

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DIA and DOS
review(s)
completed.



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1. COMMUNIQUE OF MOSCOW COMMUNIST MEETING

25X1A Comment on:

[Redacted]

The communique agreed to by the leaders of the 12 Sino-Soviet bloc Communist parties, who met in Moscow from 14 to 16 November, expresses confidence that there has been "a decisive switch in the balance of forces" in the world "in favor of socialism." The implication throughout the communique, published on 22 November, is that the West will sooner or later be obliged to accommodate itself to bloc positions on international problems.

The communique seeks to exploit recent Soviet technological advances with claims that the "peace camp" is capable of asserting "ever-increasing influence on the international situation." The United States is attacked in extremely harsh terms and accused of trying to use its "positions-of-strength policy" to enslave "most countries of the world." Since war might be started by "bellicose imperialist maniacs," the Warsaw Pact organization must be "strengthened and preserved." This statement is aimed at offsetting any strengthening of Western unity and military potential which might result from the NATO conference in December.

On the question of bloc unity, the communique in effect reaffirms Khrushchev's predominant position by repeating in general terms the views expressed by him in his anniversary speech. Intrabloc relations are to be based on the principles expressed in the USSR's October 1956 declaration--strongly endorsed by Peiping--of equality, independence, non-interference and mutual benefit. These relations, as Moscow and Peiping have previously insisted, are to be worked out through "comradely discussion."

As for the internal programs of Communist states, the communique reaffirms certain "basic laws" relating to Communist party dictatorship and orthodox economic policies. In a gesture of accommodation to Poland--suggesting

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an improvement in Polish-Soviet relations--the usual point about the necessity for collectivization of agriculture is replaced by a new concept of "gradual socialist reconstruction of agriculture."

The communique does not provide for the re-establishment of an international Communist organization. This failure, the delay in issuing the communique, and the omission of the Yugoslav Communists as a signatory suggest that difficulties were experienced in formulating the statement.

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[redacted] an additional declaration was signed
in Moscow to which Yugoslavia also subscribed. [redacted]

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2. WEST GERMAN CHANCELLOR CRITICAL OF NATO25X1A Comment on:

[Redacted] Chancellor Adenauer told former US High Commissioner for Germany John J. McCloy that the December NATO meeting must provide new inspiration or this would be the "end of NATO." Adenauer suggested that the earliest date for voluntary withdrawal from NATO be set back from 1968 to 1978 and that NATO air and ground forces be integrated along the lines of the original European Defense Community plans. He also indicated he would support the integration of Europe's air forces. As presently organized, Adenauer said, NATO would "collapse" before a Russian attack. Adenauer said he was surprised and shocked by the content of a German intelligence report on Soviet missiles.

He saw a greater need for political consultations, and sharply criticized the United States for failing to consult its allies on policies which he said had brought NATO "close to the risk of war." He complained that the American representatives at NATO do not now have the necessary knowledge or authority for such consultations. Adenauer asserted that there is an "air of doubt" surrounding continued American participation and interest in NATO as a result of Soviet scientific advances.

Bonn has recently appeared to be moving in the opposite direction. West Germany is reluctant to continue the payment of support costs for troops stationed in Germany and has refused to participate in financing the construction of sites for Nike missiles. In addition, Bonn revealed on 16 November a further cutback in its scheduled contribution to NATO forces and has indicated a greater interest in building up its non-NATO home defense forces, at a rate of 100,000 annually.

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3. PARIS PRESSES ALLIES ON NORTH AFRICAN ISSUES

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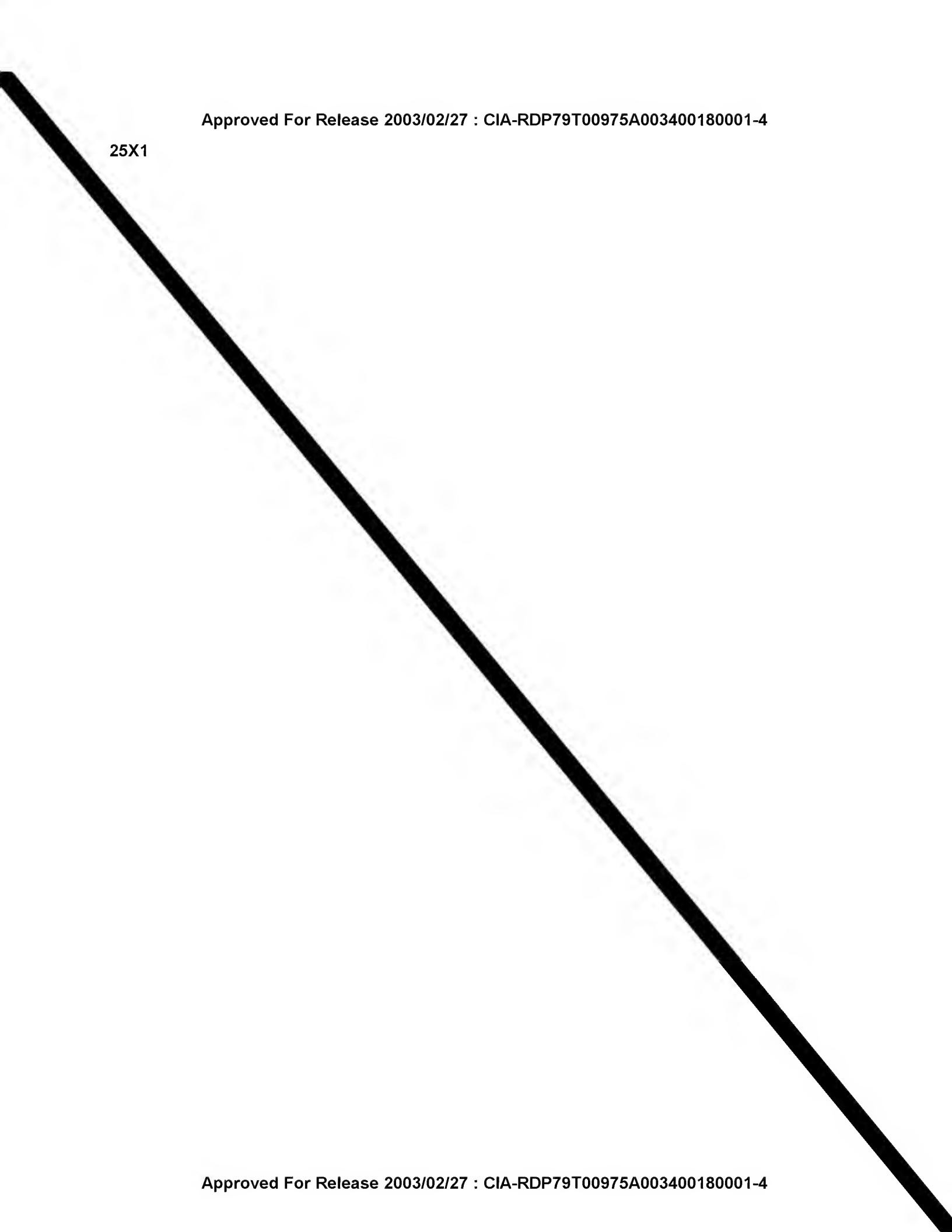
French Premier Gaillard continues to insist that France's allies must take steps to assure tight controls over Tunisian arms in order to re-establish Atlantic solidarity. He has proposed that future shipments be determined by Tunisia's actual military needs and on the basis of consultation. The French Foreign Ministry has asked the United States and Britain to furnish the serial numbers of the weapons in last week's shipments as an additional check against possible diversion of the arms to Algeria.

Gaillard's stiffening demands, particularly his request that the US and Britain accept France's "pre-eminent right" in North Africa, have wide popularity in France. Some of the usually pro-American segments of the press are carping over the "disappointing" results of the Washington talks between Foreign Minister Pineau and Secretary Dulles. Most of the ill feeling is directed at London, however, and Prime Minister Macmillan is expected to try to reassure Gaillard during his 25 November trip to Paris.

French frustration over the arms issue will probably cause Gaillard to continue his strong nationalistic stand during the Algerian debate scheduled to resume in the National Assembly on 26 November.

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5. ISRAELI-JORDANIAN BORDER TENSION

Comment on:
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Tension is mounting along the Israeli-Jordanian border in the Jerusalem area as a result of Jordan's refusal to permit the inclusion of gasoline in the supplies carried by the semimonthly Israeli convoy supplying installations in the Mt. Scopus demilitarized zone--an enclave within Jordanian territory. The Jordanian army commander on the scene stated he personally restrained his troops from firing at the Israelis when the convoy arrived the second time. Jordan has also charged that an Israeli patrol opened fire

on 21 November and abducted a Jordanian about 40 miles northwest of Jerusalem. An Israeli military spokesman, meanwhile, announced that Jordanians had opened "heavy" fire on an Israeli patrol, possibly in the same action.

The Jordanians feel the need for a tough attitude on this and similar questions involving Israel, since Egyptian and Syrian propaganda already charges that King Hus-sayn is a "traitor" who is gradually surrendering Arab Jerusalem to Israel. The Israelis too may well be taking advantage of Jordan's internal and external troubles to improve their defensive position on Mt. Scopus, which, like another Jerusalem section where the Israelis recently have engaged in disputed activity, is a strategically commanding terrain feature.

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7. PACKAGE SETTLEMENT OF DIFFERENCES BETWEEN
INDIA AND PAKISTAN MAY BE EXPLORED

25X1A Comment on:

Concern among Indian and Pakistani officials over their respective economic problems during recent months, particularly the competing demands of military

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and development expenditures, apparently has caused a growing realization that a settlement of the major disputes between the two countries must precede any solution of the economic dilemma. Interest in the possibility of bilateral negotiations between India and Pakistan on a package settlement of outstanding differences is evident among high-level officials of the two governments.

Indian Finance Minister Krishnamachari believes Pakistan's Finance Minister Amjad Ali will be instructed by President Mirza to sound out Indian reactions to talks along these lines when Amjad Ali attends the Commonwealth Parliamentary Conference in New Delhi from 2 to 6 December. Krishnamachari apparently expects his opposite number to use their discussions of mutual financial problems to bring up the Kashmir and canal waters issues. If Prime Minister Nehru's reaction to such a Pakistani approach is favorable, Krishnamachari plans to pursue the idea of an over-all settlement under cover of the bilateral economic conferences scheduled later in December.

The concessions necessary for a settlement, however, probably could be produced only through lengthy and arduous negotiations. Action in the UN Security Council on the Kashmir question during the next few weeks is likely to increase the bitterness between the two countries, and thus inhibit any serious negotiations.

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8. POSSIBLE SPLIT IN PAKISTAN'S NEW GOVERNMENT COALITION

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Pakistan's President Mirza, returning from his European tour on 24 November, will face a crisis in the one-month-old Republican- Moslem League coalition led by Prime Minister Chundrigar unless deep differences between the two parties are soon reconciled.

A segment of Mirza's Republican party apparently is unwilling to follow through on the party's commitment of mid-October to support Moslem League policy on the two outstanding internal issues, namely to re-enact the system of separating the electorate by religious communities and to maintain West Pakistan as a single province until the elections promised for November 1958 are held.

If some measure of agreement between the coalition partners cannot be reached, the Moslem League may withdraw its support and force the government's resignation. Mirza presumably would then be left with the alternatives of turning once again to former Prime Minister Suhrawardy to lead a new coalition, or resorting to authoritarian rule on the pretext that the latest breakdown makes it "obvious" that a parliamentary form of government is not feasible in Pakistan at this time.

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9. MALAYAN PRIME MINISTER MAY MEET WITH INSURGENT COMMUNIST LEADER

Comment on:
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The recent movement of Malayan police security guards into the vicinity of Communist headquarters near the Thai border suggests that preparations are under way for a meeting between Prime Minister Rahman and Communist leader Chen Ping. The two men met in December 1955 but reached no agreement. New talks would be a follow-up to Chen's letter of 12 October requesting talks and stating that he believes a mutually satisfactory agreement can now be reached. Although Rahman is still officially insisting on unconditional surrender, he has recently intimated that he may be willing to compromise as long as a settlement does not involve recognition of the Communist party.

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Any inclination Rahman may have toward softening his attitude toward the Communist terrorists, however, is undoubtedly balanced by his realization that they will have ample opportunities for "peaceful subversion" if they are permitted to emerge from the jungle. In this connection, the continuing Chinese student riots have been the first indication that the post-independence communal "honeymoon" may be coming to an end and that further interracial friction is to be expected.

[Redacted]

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10. DISAFFECTED INDONESIAN LEADERS PLAN CONTINUED DEFIANCE OF GOVERNMENT

25X1A Comment on:

Disaffected commanders in Sumatra and East Indonesia continue to defy the central government and expect few or no concessions from Djakarta at the 25 November national conference. Although they plan to attend the conference, they regard it as merely another episode in their struggle with President Sukarno. They intend to insist on greater local autonomy and a national policy of anti-Communism.

The commanders consider former Vice President Hatta sympathetic to their cause but not a strong leader. They expect to continue their efforts independent of Hatta's own negotiations with Sukarno.

The Sumatran dissident leaders are convinced that Java is going Communist, but are still reluctant to take radical steps which could lead to the severing of relations with Djakarta since they are not sure that such action would have complete popular support. Lt. Col. Sumual in East Indonesia, who is in touch with Sumatran leaders on an irregular basis, claims, however, that he will break with the central government if the Communists win control in Java. In the event of a break with the central government, Sumual and the Sumatran leaders might rally behind Colonel Zulkifli Lubis, former acting army chief of staff.

Both Sumatra and East Indonesia are continuing to export raw materials, mainly to Singapore, and are retaining most of the proceeds. Local leaders state that these funds--supplemented by disbursements still being received by Djakarta--are barely sufficient to maintain administrative operations and have indicated a desire to obtain foreign assistance through "unofficial" channels.

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11. PRESSURE GROWING WITHIN JAPAN FOR CONCESSIONS TO PEIPING TRADE DEMANDS

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[Redacted]

The Japanese government is under growing pressure to facilitate the conclusion of an unofficial trade agreement with Communist China, the American embassy in Tokyo reports.

Following the return of an unsuccessful trade mission from Peiping on 4 November, press and business circles have been urging the government and conservative leaders to do something to break the impasse, principally a disagreement over the size and privileges of a proposed permanent Chinese Communist trade mission in Japan.

Comment Japan's minister of international trade and industry announced on 19 November that the government will introduce a bill into the regular Diet session early next year relaxing fingerprint requirements to which Communist China has objected. Press reports indicate that the government is prepared to extend further quasi-diplomatic privileges to a Chinese trade mission in order to conclude an agreement for trade valued at \$100,000,000 each way annually.

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12. MAO LEAVES TOP MILITARY AND SCIENTIFIC
REPRESENTATIVES IN MOSCOW

25X1A Comment on:

Mao Tse-tung, who returned to Peiping from Moscow on 21 November, left behind his top specialists in military and scientific matters. Mao probably reached a broad understanding with Soviet leaders on these subjects, leaving the details of new agreements to be worked out.

The 12 Chinese military leaders remaining in Moscow include the defense minister, the chief of staff, and commanders of the air force, navy, armored forces, artillery, and supply services. Negotiations between these officials and their Soviet counterparts may cover plans for supplying the Chinese with up-to-date weapons.

Peiping's large scientific representation now in Moscow includes the head of the Chinese Academy of Sciences and 85 ranking scientists. They are seeking Soviet advice and aid for Peiping's Twelve-Year Plan for advancing Chinese science and an agreement on "scientific and technical research and cooperation between China and the Soviet Union."

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13. ANTIGOVERNMENT DEMONSTRATIONS BY STUDENTS
IN VENEZUELA

25X1A Comment on:

[Redacted]

Antigovernment rioting by students in Caracas on 21 November probably was designed to spark a nation-wide protest against President Perez' plan to have himself elected to a second five-year term by an unopposed plebiscite vote on 15 December. The disturbances were

25X1C well organized and caused considerable property damage,

[Redacted] Police in Caracas

subsequently succeeded in confining the rioting to the campus of the Central University. To avoid further violence the government may close the schools during the election period.

Unless the police use brutal methods, the student outbreaks probably will not lead to a serious problem for the regime's efficient security system. Moreover, the largely suppressed and disorganized opposition does not appear capable of seizing upon the student action to challenge Perez' perpetuation in office. The principal threat to Perez would be a split in the armed forces--a development which thus far appears unlikely. The government recently jailed the formerly powerful national guard commander without any reported effects on the loyalty of the top military. Although the Catholic hierarchy has been at odds with the regime since last May, it has not shown any intent to use its limited political influence directly against Perez' re-election scheme.